

LOWERNINE.ORG

**Financial Statements as of December 31, 2011 and 2010
and for the Years Then Ended
and Independent Accountants' Compilation Report
and Supplementary Information**

LOWERNINE.ORG

TABLE OF CONTENTS

	Page
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT	1
FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 AND 2010 AND FOR THE YEARS THEN ENDED:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	8
SUPPLEMENTARY INFORMATION	
Louisiana Attestation Questionnaire	12



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Members of
Lowernine.Org
New Orleans, Louisiana

We have compiled the accompanying statement of financial position of Lowernine.Org (the Organization), a nonprofit corporation, as of December 31, 2011, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended. We have not audited or reviewed the 2011 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The accompanying 2010 financial statements of the Organization were previously reviewed by us, and we stated that we were not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated June 29, 2011 but we have not performed any procedures in connection with that review engagement since that date.

Silva Gurtner & Abney, LLC

June 27, 2012

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LOWERNINE.ORG
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 70,315	\$ 77,328
Accounts receivable	15,749	-
Grants receivable	<u>-</u>	<u>20,000</u>
Total current assets	86,064	97,328
 PROPERTY AND EQUIPMENT		
Furniture and equipment	5,650	5,650
Building	19,000	3,800
Less: accumulated depreciation	<u>(5,910)</u>	<u>(5,283)</u>
Total property and equipment, net	<u>18,740</u>	<u>4,167</u>
 TOTAL ASSETS	 <u>\$ 104,804</u>	 <u>\$ 101,495</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 511</u>	<u>\$ 2,686</u>
Total current liabilities	511	2,686
 NET ASSETS		
Unrestricted	104,293	89,970
Temporarily restricted	<u>-</u>	<u>8,839</u>
Total net assets	<u>104,293</u>	<u>98,809</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 104,804</u>	 <u>\$ 101,495</u>

See accompanying independent accountants' compilation report and notes to financial statements.

LOWERNINE.ORG
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	2011 Total
SUPPORT AND REVENUE			
Community garden project	\$ 1,267	\$ -	\$ 1,267
Contributions	35,901	-	35,901
Donations	3,514	-	3,514
Fundraisers	75,828	-	75,828
Grants	48,992	-	48,992
In-kind contributions	710,946	-	710,946
Other income	790	-	790
United Way - designated	68,760	-	68,760
Net assets released from restrictions	8,839	(8,839)	-
Total support and revenue	954,837	(8,839)	945,998
EXPENSES			
Program services	912,128	-	912,128
Management and general	28,386	-	28,386
Total expenses	940,514	-	940,514
CHANGE IN NET ASSETS	14,323	(8,839)	5,484
NET ASSETS - Beginning of year	89,970	8,839	98,809
NET ASSETS - End of year	\$ 104,293	\$ -	\$ 104,293

See accompanying independent accountants' compilation report and notes to financial statements.

LOWERNINE.ORG
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Unrestricted	Temporarily Restricted	2010 Total
SUPPORT AND REVENUE			
Contributions	\$ 149,155	\$ -	\$ 149,155
Fundraisers	1,790	-	1,790
Grants	117,970	-	117,970
In-kind contributions	851,559	-	851,559
Other income	4,658	-	4,658
United Way - designated	40,473	-	40,473
Net assets released from restrictions	22,630	(22,630)	-
Total support and revenue	1,188,235	(22,630)	1,165,605
EXPENSES			
Program services	1,176,478	-	1,176,478
Management and general	43,923	-	43,923
Total expenses	1,220,401	-	1,220,401
CHANGE IN NET ASSETS	(32,166)	(22,630)	(54,796)
NET ASSETS - Beginning of year	122,136	31,469	153,605
NET ASSETS - End of year	<u>\$ 89,970</u>	<u>\$ 8,839</u>	<u>\$ 98,809</u>

See accompanying independent accountants' compilation report and notes to financial statements.

LOWERNINE.ORG
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,484	\$ (54,796)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	627	1,900
Changes in operating assets and liabilities:		
Accounts receivable	(15,749)	
Prepaid expenses	-	8,135
Grants receivable	20,000	-
Accounts payable and accrued liabilities	<u>(2,175)</u>	<u>797</u>
Net cash provided by (used in) operating activities	8,187	(43,964)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(15,200)</u>	<u>(3,800)</u>
Net cash used in investing activities	<u>(15,200)</u>	<u>(3,800)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,013)	(47,764)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>77,328</u>	<u>125,092</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 70,315</u></u>	<u><u>\$ 77,328</u></u>

See accompanying independent accountants' compilation report and notes to financial statements.

LOWERNINE.ORG
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services	Management and General	2011 Total
Bank charges	\$ -	\$ 1,644	\$ 1,644
Community garden project	864	-	864
Contract services	36,503	-	36,503
Depreciation	-	627	627
Dues and subscriptions	-	120	120
Equipment and materials	23,133	-	23,133
Fuel and oil	10,245	-	10,245
Fundraising	871	-	871
Insurance	7,277	809	8,086
Miscellaneous	3,486	-	3,486
Payroll taxes	2,738	913	3,651
Postage	354	-	354
Printing	107	35	142
Rent	-	70	70
Repairs and maintenance	3,550	-	3,550
Salaries	44,873	14,957	59,830
Supplies	21,130	5,283	26,413
Telephone	2,743	915	3,658
Travel	1,356	638	1,994
Utilities	2,375	2,375	4,750
Volunteer labor	710,946	-	710,946
Volunteer stipends	39,577	-	39,577
	<hr/>	<hr/>	<hr/>
Total functional expenses	\$ 912,128	\$ 28,386	\$ 940,514

See accompanying independent accountants' compilation report and notes to financial statements.

LOWERNINE.ORG
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Services	Management and General	2010 Total
Advertising and promotions	\$ 916	\$ -	\$ 916
Bank charges	-	95	95
Community garden project	2,630	-	2,630
Contract services	82,462	-	82,462
Depreciation	-	1,900	1,900
Donations	750	-	750
Dues and subscriptions	-	300	300
Equipment and materials	85,523	-	85,523
Fuel and oil	10,863	-	10,863
Fundraising	3,305	-	3,305
Insurance	9,916	1,102	11,018
Miscellaneous	8,393	-	8,393
Payroll taxes	4,966	1,655	6,621
Postage	999	-	999
Printing	32	11	43
Repairs and maintenance	4,792	-	4,792
Salaries	76,063	25,354	101,417
Supplies	21,461	5,365	26,826
Telephone	5,489	1,830	7,319
Travel	5,873	2,764	8,637
Utilities	3,546	3,547	7,093
Volunteer labor	804,404	-	804,404
Volunteer stipends	44,095	-	44,095
	<u>\$ 1,176,478</u>	<u>\$ 43,923</u>	<u>\$ 1,220,401</u>
Total functional expenses	<u>\$ 1,176,478</u>	<u>\$ 43,923</u>	<u>\$ 1,220,401</u>

See accompanying independent accountants' compilation report and notes to financial statements.

LOWERNINE.ORG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Lowernine.Org (the Organization), a nonprofit corporation, is dedicated to training residents and volunteers in the Lower Ninth Ward of New Orleans, Louisiana in the numerous skills necessary to bring this century-old historic neighborhood back to life in the wake of Hurricanes Katrina and Rita. Lowernine.Org was founded in February 2007. The Lower Ninth Ward, due to its proximity to the Industrial Canal levee breach, was one of the hardest hit neighborhoods in the New Orleans area. Rebuilding the Lower Ninth Ward has lagged behind that of other neighborhoods as a result of poverty, the scale of the devastation and slow response of local, state, and federal government.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Organization is required to report information regarding its financial position and activities according to separate classes of net assets as follows:

- *Unrestricted* – Assets and contributions that are not restricted by grants or contracts or for which there are no restrictions.
- *Temporarily restricted* – A grant or contract imposed restriction that permits the Organization to use the donated funds as specified. The use of the funds is restricted by purpose and/or until the passage of time. The Organization had no temporarily restricted funds as of December 31, 2011 and there was \$8,839 of temporarily restricted funds as of December 31, 2010.
- *Permanently restricted* – The portion of net assets that are restricted by the donor or by law to be maintained by the Organization in perpetuity. There were no permanently restricted net assets as of December 31, 2011 and 2010.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions.

In-kind contributions are recorded at their fair market value and accounted for as revenue when received and as an asset, reduction in a liability or an expense depending on the form of the benefits received. Contributions of services are to be recognized if the services received either (1) enhance a non-financial asset or (2) require specialized skills and would need to be purchased if not provided by donation. The total amount of in-kind expense record for the years ended December 31, 2011 and 2010, was \$710,946 and \$804,404, respectively.

Support and Expenses – Support is received from a variety of sources, and, when received, is measured at fair value and is reported as an increase in revenue on the statements of activities and changes in net assets.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

LOWERNINE.ORG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. At December 31, 2011 and 2010, Lowernine.Org maintained accounts at three different banks with bank balances totaling \$64,621 and \$70,094, respectively. The Organization's cash balances were not in excess of the Federal Deposit Insurance Corporation (FDIC) insurance amount at December 31, 2011 and 2010. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Allowance for Bad Debts – The Organization uses the direct write-off method to provide for uncollectible accounts. Management believes use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

Property and Equipment – All acquisitions of property and equipment in excess of \$2,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight line method over the useful lives of the assets. The lives range from 3 to 5 years for furniture and equipment. The life of the building is 39 years. Depreciation expense for the year ended December, 31 2011 and 2010 was \$627 and \$1,900, respectively.

Advertising Costs – Advertising costs are expensed as incurred. The Organization did not have any advertising expense for the year ended December 31, 2011. For the year ended December 31, 2010, advertising costs totaled \$916.

Income Taxes – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements.

Use of Estimates – Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on actual use or management's best estimates.

LOWERNINE.ORG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE B – GRANTS RECEIVABLE

There were no grants receivable as of December 31, 2011. Grants receivable at December 31, 2010 consisted of a United Way grant totaling \$20,000. Amounts were stated at cost.

NOTE C – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 27, 2012, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

LOUISIANA COMPLIANCE QUESTIONNAIRE
(For Audit Engagements of Quasi-Public Agencies)

6/29/12 (Date Transmitted)

Silva Gurtner & Abney

4330 Dumaine St

New Orleans, LA 70433

(Auditors)

In connection with your audit of our financial statements as of December 31, 2011 and for the year then ended, (period of audit) for the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with accounting principles generally accepted in the United States of America, to assess our system of internal control as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of 6/29/12 (date completed/date of the representations).

PART I. AGENCY PROFILE

1. Name and address of the organization.

Lowernine.Org

6018 El Dorado Street

New Orleans, LA 70117

2. List names, addresses, and telephone numbers of entity officials. [Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel].

3. Period of time covered by this questionnaire:

January 1, 2011 through December 31, 2011

4. The entity has been organized under the following provisions of the Louisiana Revised Statute(s) (R.S.) and, if applicable, local resolutions/ordinances.

N/A

5. Briefly describe the public services provided:

The organization is dedicated to training residents and volunteers of the Lower Ninth Ward of New Orleans in the numerous skills necessary to bring the historic neighborhood back to life after Katrina

6. Expiration date of current elected/appointed officials' terms.

Part II. Federal, State, and Local Awards

7. We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☐ No ☒

8. All transactions relating to federal grants have been properly recorded within our accounting records and reported to the appropriate federal grantor officials.

Yes ☒ No ☐

9. All transactions relating to state grants have been properly recorded within our accounting records and reported to the state grantor officials.

Yes ☒ No ☐

10. All transactions relating to local grants have been properly recorded within our accounting records and reported to the appropriate local grantor officials.

Yes ☒ No ☐

11. The reports filed with federal agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

12. The reports filed with state agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

13. The reports filed with local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

14. We have complied with all applicable compliance requirements of all federal programs we administer, to include matters contained in the Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and matters contained in the grant awards.

Yes ☒ No ☐

15. We have complied with all applicable specific requirements of all state programs we administer, to include matters contained in the grant awards.

Yes ☒ No ☐

16. We have complied with all applicable specific requirements of all local programs we administer, to include matters contained in the grant awards.

Yes ☒ No ☐

17. We have provided you with all communications from grantors concerning noncompliance with or deficiencies in administering grant programs.

Yes ☒ No ☐

Part III. Public Records

18. We are familiar with the Public Records Act and have made available to the public those records as required by R.S. 44:33.

Yes ☒ No ☐

Part IV. Open Meetings

19. Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:4.1 through 42:13 (the open meetings law).

N/A

Yes ☒ No ☐

Part V. Budget

20. For each federal grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

N/A

Yes ☐ No ☐

21. For each grant received from the state, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose, duration, specific goals and objectives, and measures of performance.

N/A

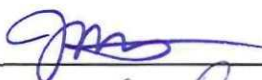


Yes ☐ No ☐

22. For each local grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

N/A

Yes ☐ No ☐

The previous responses have been made to the best of our belief and knowledge.

	Secretary	7/9/12	Date
	Treasurer	7-9-12	Date
	President	7-9-12	Date